



Committed to the future of rural communities.

RURAL BUSINESS-COOPERATIVE PROGRAMS

RURAL ECONOMIC DEVELOPMENT GRANT (REDG) PROGRAM

The purpose of the Rural Economic Development Grant Program is to make available to rural communities through USDA Rural Development electric and telephone program borrowers, (1) Grants to establish revolving loan funds (RLF) for community facilities and infrastructure; and (2) RLF assistance to be used in conjunction with rural economic development loans.

Applicant Eligibility

Grant funds may be granted to any USDA Rural Development financed electric and telephone borrower that is not financially distressed, delinquent on any federal debt, or in bankruptcy proceedings. Only USDA Rural Development electric and telephone utilities are eligible to apply. The agency cannot accept applications directly from other organizations or corporations.

Uses of REDG Funds

- USDA Rural Development electric or telephone program borrower - up to 100% grant and additional funding no less than 20% of the grant approved to establish a revolving loan fund for certain initial purposes only:
 - ◆ Business incubators established by non-profit.
 - ◆ Community development assistance (non-profit and public bodies).
 - ◆ Projects to public, for-profit or non-profit entities to provide education and training to rural residents to facilitate economic development.
 - ◆ Projects to public, for-profit or non-profit entities to provide medical care to rural residents.
 - ◆ Advanced telecommunications and/or computer networks.

Revolving Loan Funds

Revolving loan funds will be provided only to USDA Rural Development program borrowers on a non pass-through basis. USDA Rural Development electric or telephone program borrowers will, in turn, provide loans to foster rural economic development.

Repayment of The Initial Loan

Loans made from **repayments of the initial loans** made by USDA Rural Development electric or telephone program borrowers may be used for any rural economic development purpose in accordance with a prior agreement between the borrower and USDA Rural Development.

Requirements

- The borrower will provide a Board Resolution certifying to its commitment to provide and maintain additional funding to the revolving loan fund in an amount no less than 20% of the REDG grant approved.
- Borrowers may charge reasonable loan servicing fees.
- The borrower must supply USDA Rural Development a proposed budget demonstrating that no more than 10% of grant funds received are used to cover operating expenses of the revolving loan fund.
- USDA Rural Development requires that the revolving loan program be administered in accordance with a rural development plan, developed by the borrower and approved by USDA Rural Development .
- Borrowers applying for grant funds must submit a scope of work to USDA Rural Development.

Rural Development Plan

- USDA Rural Development requires that the revolving loan program be administered in accordance with a rural development plan, developed by the borrower and approved by USDA Rural Development.
- The plan must outline the following:
 - ◆ Specific objectives for the revolving loan fund program, lending parameters, max and min loan.
 - ◆ Documentation of borrower's coordination of lending activities with other local entities that provide financing for rural economic development.
 - ◆ Eligibility criteria if other than outlined in this section.
 - ◆ The application process and method of disposition of the funds to the project owner.
 - ◆ A procedure for monitoring the project owner's accomplishments and reporting requirements by the project owner's management.

The Scope of Work

- Borrowers applying for grant funding must submit a scope of work to USDA Rural Development.
- The scope of work must contain the following:
 - ◆ Documented need for grant funds.
 - ◆ Documented authority and ability of the borrower to administer the revolving loan fund.

- ◆ Documented ability to commit financial resources under the control of the borrower to assist in the establishment of a rural development program.
- ◆ Documentation that the borrower has secured commitments of significant financial support for supplemental support.
- ◆ A list of proposed fees and charges.
- ◆ Borrowers policy for non-Federal funds.

Application Submission and Review

- Completed applications are accepted on any official workday.
- The following factors will be considered in the selection process:
 - ◆ Nature of the project.
 - ◆ Job creation projections.
 - ◆ Long term improvements in economic development.
 - ◆ Diversifying the rural economy or alleviating under employment.
 - ◆ Supplemental funds.
 - ◆ Economic conditions and job creation.
 - ◆ Unemployment rates.
 - ◆ Per Capita personal income.
 - ◆ Change in population.
 - ◆ Number of long term jobs.
 - ◆ Community Based Economic Development Program.
 - ◆ Plan for improving the marketable skills of people in rural areas.
 - ◆ Location (rural).
 - ◆ Support for the program - funds deposited in the cushion-of-credit account.
 - ◆ Demonstration project.
 - ◆ Probability of success.

Sources of Funds

All funds for grants available under this program are provided by a calculation based on the level of USDA Rural Development program borrowers' cushion-of-credit payments. No funds are appropriated by Congress for grants. (Cushion-of-credit payments are a type of advance payment USDA Rural Development electric and telephone program borrowers make on certain USDA Rural Development notes. The USDA Rural Development electric and telephone program borrowers earn five percent on new cushion-of-credit payments.)

Maximum and Minimum

Maximum size of grant: 3% of projected total funds available under Section 313 of the Act, during the fiscal year, rounded to nearest \$10,000. Contact USDA Rural Development for the maximum allowable grant. Current minimum is \$10,000.

For More Information

For more information contact your local USDA Rural Development Office or the USDA Rural Development State Office at:

USDA Rural Development
Attn: Business and Cooperative Program Division
Federal Building, Room 152
100 Centennial Mall North
Lincoln, NE 68508-3888
Phone: (402) 437-5558 (voice)
(402) 437-5093 (TDD)

National Office Web site: <http://www.rurdev.usda.gov/rbs>
Nebraska Rural Development Web site: <http://www.rurdev.usda.gov/ne>
Nebraska State Office Telephone Number: (402) 437-5551
Nebraska State Office Facsimile Number: (402) 437-5408
Nebraska State Office TDD Number: (402) 437-5093

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U.S. Department of Agriculture
Rural Development - Rural Business-Cooperative Programs
(Revised November 2005)